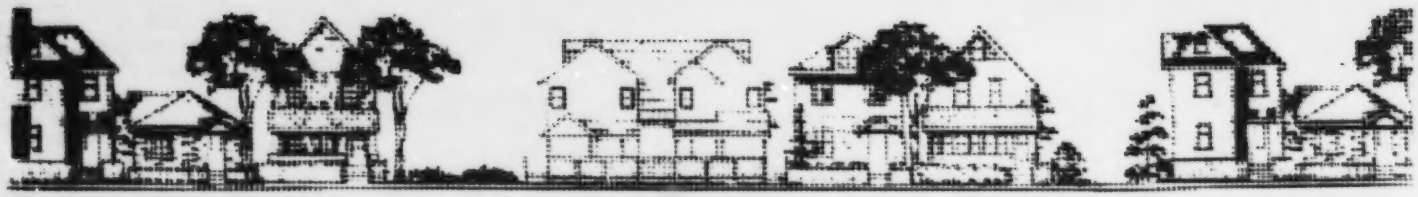

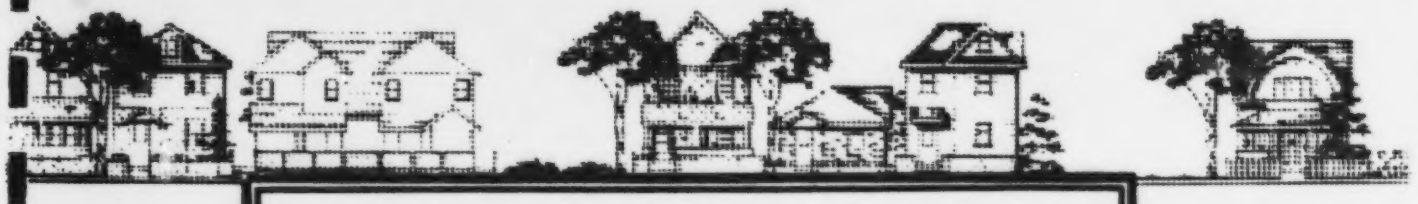

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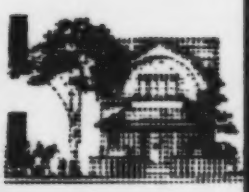
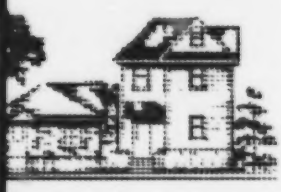
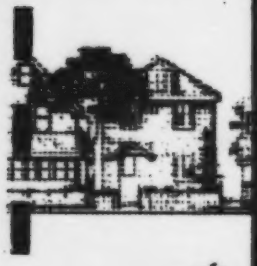
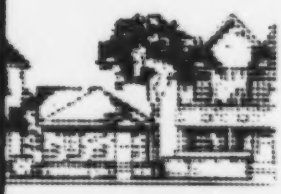
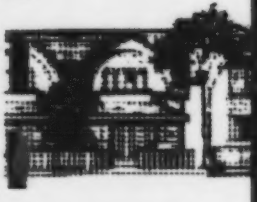
RESIDENTIAL REDEVELOPMENT AND INFILL

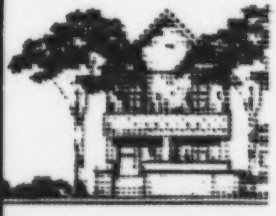


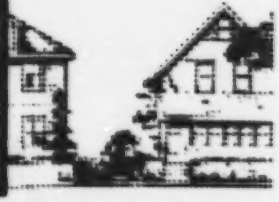


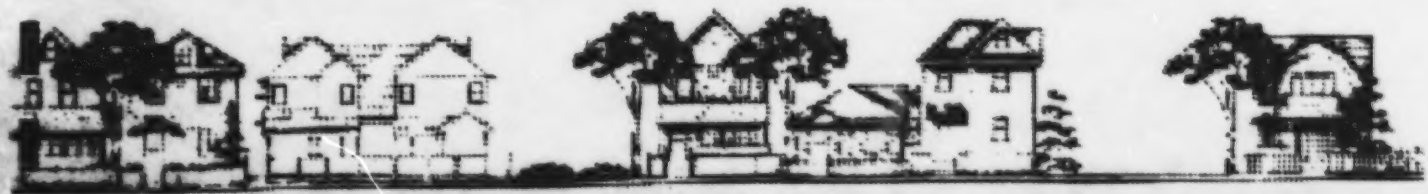












CITY OF REGINA
PLANNING DEPARTMENT
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WORKING PAPER

REDEVELOPMENT AND INFILL

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INTRODUCTION

REDEVELOPMENT AND INFILL

1.0 INTRODUCTION

Growth in a city may take the form of peripheral expansion, redevelopment of existing properties, or infill construction.

This working paper examines potential redevelopment and infill opportunities for residential properties within the existing built up city. It is intended to form part of the spatial strategy of the proposed Development Plan.

A parallel component, the engineering feasibility, will assess prospects for the development of potential growth cells on the outskirts of the city.

1.1 Definitions

Redevelopment - is defined as the development of an existing residential structure for a more intense use. It includes additions which are used for residential purposes and conversions of non-residential buildings to residential use.

Infill - is defined as construction on vacant or underutilized land to provide for a residential use.

1.2 Rationale

Redevelopment and infill housing potential is worthwhile to investigate because they promise to provide cost savings and social benefits to the city. Cost savings stem in part from utilization of existing municipal investments in schools, parks, sewer and water facilities, roadways and other infrastructure instead of new investments which would be required if the same number of people were housed in a less compact city. There are also savings associated with the operations of departments such as Police, Fire and Transit which are reduced in a compact city. Social benefits include greater alternatives in housing stock leading to a greater selection of housing location and type. By improving the appearance of older neighbourhoods, redevelopment and infill enhances the overall image of the city.

1.3 Study Objectives

1. To determine the amount and location of vacant and developable land in Regina.

2. To examine existing policies, practices and plans which affect redevelopment and infill;

3. To examine factors affecting the economics of redevelopment and infill.

VACANT PROPERTIES SURVEY

4. To list incentives for promoting redevelopment and infill.

5. To develop conclusions based on the investigation of redevelopment and infill potential in Regina.

1.4 Study Process

The first step in the study process was a review of the literature related to redevelopment and infill development.

Interviews with interested parties constituted the second step. These included City departments (Assessor, Rail Relocation, Buildings and Properties) Saskatchewan Housing Corporation, Housing and Urban Development Association of Canada, and the Regina Real Estate Association.

The third step was a May 22, 1985 computer run by Systems Services. Systems obtained a list of vacant properties from the CTAX (Assessors) file and obtained zoning information from RBC-PLAN (land use) file. The vacant residentially zoned and non-residentially zoned properties were sorted by subdivision. Planning Department staff manually excluded those subdivisions not in the study area. It was also necessary for the Planning Department to manually determine zoning where it was not provided from RBC-PLAN.

Excluded from consideration were many subdivisions that are generally rapidly developing suburbs outside of the Ring Road. These files are: Argyle Park, Albert Park, Connaught Park, Glencairn Village, Glencairn, Ross Industrial Park, Pipelines and Refineries, Normanview West Addition, Occupant, Parkview, Sherwood Estates, University Park, Uplands, Walsh Acres, Westridge, McCarthy Park, Gardiner Park, University Park East, Wood Meadows, Lakewood, Gardiner Heights, Argyle Park West, Varsity Park, Westhill, Annexation, Parkridge, and Lakeridge.

A complete listing by subdivision of both residentially and non-residentially zoned infill properties is found in the appendix to this report. It lists front feet of residentially zoned vacant property.

2.0 VACANT PROPERTIES SURVEY

2.1 Background

Data regarding vacant properties in Regina were obtained from property assessment information current as of May 22, 1985. The following results were obtained:

VACANT PROPERTIES

Infill:	Residentially Zoned Properties	829
	Other Zoned	1133
	Total Infill	1962
Outside Study Area (Suburban)		1997
	Overall Total	3959 properties

Front feet (Vacant Residentially Zoned) 33,467
The original data by subdivision is contained in the appendix to this report.

2.2 Analysis

Vacant residentially zoned infill property is concentrated in ten of the fifty-nine subdivisions that were selected as infill properties for this survey. The ten subdivisions are listed below with the front feet of residentially zoned vacant property inside their limits.

Regina Subdivision	6657 front feet
Belvedere	1081
CPR Annex	4266
Eastview, Glenelm Park	1219
Innismore	1640
North Annex	2030
Regent Park	1285
Rothwell Place	1809
Washington Park	1226
	22,401 front feet

These ten subdivisions contain 66.9% of the front feet of vacant residentially zoned infill property. Several other subdivisions have more than 500 front feet of vacant residentially zoned infill property including: Broder's Annex, Coronation Park, Glenelm Park South, Mt. Royal, Normanview West, Parkdale, Premier Place, and Rosemont North. Some subdivisions had little or no residentially zoned vacant land.

Regina Subdivision, which extends from 4th Avenue to College Avenue, and from Pasqua Street to Winnipeg Street contains 6657 front feet of vacant residentially zoned property accounting for 19.9% of all such infill properties. This subdivision also contains 371 infill vacant properties that are not zoned residentially, which represents 32.7% of properties in this category.

2.3 Development Constraints

Although there are a large number of vacant properties in Regina, many are not developable due to a variety of physical constraints and City policies.

Physical constraints include flood plains and airport noise exposure factors. For example, vacant properties between the CPR Mainline and 14th Avenue west of Pasqua Street are within a flood plain. Likewise, properties west of Pasqua Street between Hill Avenue and 25th Avenue are affected by airport related noise.

City policies determine the development potential of many other properties. Many of the vacant lots are zoned for commercial or industrial, not residential use. Other City owned properties are reserved for a present or future City purpose such as parks or traffic interchanges. Finally, there are City policies which affect individual sites preventing building.

EXISTING POLICIES

3.0 EXISTING POLICIES

The Municipal Development Plan identified three types of development trends occurring in different Inner City neighbourhoods prior to 1979: stability, decline, and massive redevelopment. These categories reflect the amount of development pressure on a neighbourhood, as well as residential stability.

Notably, rapid population growth in the suburban Northwest and Southeast Sectors is primarily the result of the movement of people out of areas of the City which have been formerly developed.

Recent demographic information shows that 26 census tracts containing 71.8% of the population of the City lost an average of 12% of their population between 1976 and 1981. Since the number of dwellings in these census tracts declined by only 1%, the population decline is attributed to a decline in dwelling unit occupancy. This phenomenon is occurring in neighbourhoods 10-15 years old as well as Inner City areas.

3.1 Goals of the 1979 Plan

The 1979 Municipal Development Plan (RSVP) attempted to preserve Inner City residential areas and their amenities as well as stabilize and revitalize declining areas. The concern for the Inner City led to the following objective contained in Regina RSVP Policy and Implementation

> "that as a desired balance between Inner City and suburban residential growth, a target of 15 percent shall be allocated to the Inner City. This target shall consist of both new and rehabilitated units indexed to the total number of new housing starts in any one year, as defined by CMHC data".

An assessment of actual performance regarding this goal is found in Section 4.1 of this report.

Enhancement of the Inner City was to be accomplished through Government programs, such as the Neighbourhood Improvement Program (NIP), and the Residential Rehabilitation Assistance Program (RRAP), land banking for social housing, and infill development.

Several NIP programs have been instituted over the years. These programs typically upgrade the physical and social infrastructure of a neighbourhood through investments in municipal services. RRAP is used to make needed repairs to the housing stock in older neighbourhoods.

Saskatchewan Housing Corporation initiated a program known as the Inner City Land Acquisition Program. Parcels of land were purchased in the inner city for medium density family and senior citizen housing for both rental and ownership. The infill development strategy aimed at "attempting to blend harmoniously the rehabilitation of existing construction along any street with the development of vacant lots for new housing construction. If housing is found to be unrehabilitatable, demolition and infilling of new construction should occur. The infill construction effort attempts to stabilize the population base of neighbourhoods and additionally preserve the physical character and design of streetscapes in older neighbourhoods."[1] In some inner city housing projects for senior citizens the City contributed 5% of the total costs including land of the project once completed.

The City is also a partner in the Family Public Housing Program. In the Capital Budget the City assumes 5% of the cost of 40 units each year. The annual cost of this program to the City is $130,000.

3.2 Assessment Policies

Property taxation in Regina reflects assessment values calculated for land and for buildings on the property.

Building assessment is based on the replacement cost of the structure. It includes consideration of building materials, type of construction, and quality of construction.

Assessment for residential land is based on approximately 30% of vacant land market values modified by:

- Location
- Lack of services
- Observed obsolescence
- Traffic counts
- Maximum values set out in the Provincial Assessment Manual
- Parcel shape
- Zoning

The valuation of a parcel of land must be fair relative to a comparable parcel in the same zone regardless of the intensity to which each parcel is developed under the zoning regulations.

In theory, Council can decide to vary assessment rates on any category of land. In practice, assessing similar properties differently is politically contentious. Therefore, varying assessment rates on infill properties to encourage infill development has a low probability of implementation.

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1 Regina RSVP - A Planning Strategy for Regina, Policy and Implementation pg. 48.

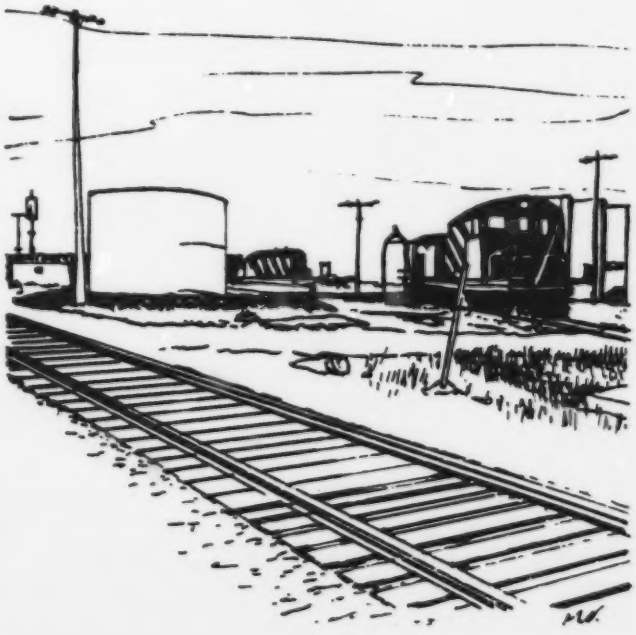
3.3 Rail Relocation Policies

The 1979 Municipal Development Plan included the removal of the rail lines and rail yards from the developed areas of Regina as a policy objective. A rail relocation office was established by the City of Regina to pursue this objective.

Two goals of the Rail Relocation Program are to relocate the yards of the Canadian National and the Canadian Pacific Railways. Approval of the Canadian Transport Commission, City of Regina, R.M. of Sherwood, and the Province are required.

The relocation of the CNR yards is of particular interest since they are in a residential environment and likely to be freed for infill development at an earlier date. It is anticipated that the CNR yards could be available between 1988 and 1992. The CPR yards would not be available until the mid 1990's.

The Canadian National marshalling yards are located in northwest Regina between Pasqua and Campbell Streets, and McKinley Avenue and First Avenue North. The rail yard is a mile long with an average width of 600 feet and covers an area of approximately 80 acres.



In cooperation with the affected communities as well as public and private sector representations, a concept plan for the CN yards has been produced. The concept plan shows predominantly residential development of a variety of densities. It also incorporates open space and a transitway. The concept status plan was submitted to Council for review at the end of February, 1984. It is possible that an agreement to exchange land with the railway could be achieved by the end of this year.

Removing tracks from certain rail corridors may enable limited residential infill in some places. For example, removal of the CNR line in northwest Regina would enable the development of two lots at each of the seven street crossings between Whelan Drive and First Avenue North. In east Regina, between 4th Avenue and 7th Avenue at Broder Street approximately 45 lots of fifty foot frontage would be possible. In west Regina, on McKinley Avenue west of Broad Street, twelve lots will be created.

3.4 School Closures

A. Declining Enrolments

Enrolment in many Regina elementary schools is declining and forcing local school boards to consider closing some schools. Three main factors account for declining enrolments:

i) Household Occupancy Rate

The number of persons, especially school age children, occupying each dwelling has been declining in all but a few neighbourhoods in Regina. This is due in part to an aging population and a falling birth rate. Another factor is neighbourhood outmigration which sees young people moving out of their parents' home. The parents usually remain in the family home.

ii) Outmigration

Young families setting up their own households find more houses for sale in the rapidly developing new suburbs and these areas experience population growth in the early stages of the family life cycle.

iii) Spacing of Schools

In the 1950's and 1960's schools were built close together with no more than one mile distance between them. There is no longer a sufficient student population to justify the number of schools spaced in this manner. The present Regina School Board guideline is one and one half a mile separation.

Nine schools were recently closed by the Regina Board of Education. These were: Highland Park, McNiven, Queen Elizabeth, Strathcona, McLeod, Transcona, R. J. Davidson, Assiniboine, and McCannel. Two schools, St. James and St. Thomas, were closed by the Separate School Board.

B. Board of Education Review

The Regina Board of Education monitors the growth and decline of school population in all areas of the City. The monitoring is done to determine where facilities are required, where consolidation of two or more attendance areas would be desirable, and where the Board would be able to effect economies through the closure of underutilized facilities. Schools with an enrolment of less than 150 students as of September 30 are reviewed in October of each year. Public notification of parents and City officials takes place. A detailed study including parental impact is made where schools are cited for possible closure. Exceptions to the guideline of 150 students are made where specialized educational programs or mitigating circumstances are involved. For example, students are often bused away from their immediate neighbourhood to attend French Immersion programs.

Factors considered by the School Board when consolidating attendance areas are:

a) school population trends and predictions;

b) possible needs for facilities to serve bussed students,

c) renewal projects if any, in the district,

d) condition of the school building including cost of renovations, if required,

e) capacity and program offerings in adjoining schools,

f) distances students must travel if the school were closed,

g) statement of options and implications prepared for the Board.

The Separate School Board has comparable review procedures.

C. Infill and School Closures

Any attempt to use infill development to reverse school enrolment decline and prevent or delay school closures must take account of several factors.

Student enrolment from a neighbourhood for a given elementary school is often less than might be anticipated because the student population is divided between two school systems. The number of children in a neighbourhood is also a function of fertility rates and migration patterns.

The Board of Education uses a computer program to project enrolments when planning a new elementary school. It examines the number and type of housing units in a development area, the intended phasing, and the typical age distribution of children. In brand new subdivisions the age profile of children in similar existing subdivisions is used. In practice, the minimum acceptable peak enrolment is 400 students. That requires approximately 700 single-family dwelling units or their equivalent, to generate. (Note: Developers are invited to consult with the School Boards when forming concept plans). The availability of land within a reasonable distance (Board of Education guideline 3/4 mile) would have to be sufficient to accommodate enough infill dwelling units to provide the necessary students to offset the factors contributing to decline. Furthermore, the influx of new families would have to take place within a reasonably short time frame so that the benefit of the new students would be significant. (As well, it seems likely that school closures would encourage migration of families with young children out of those neighbourhoods.)

The implication of these facts is that infill development offers only limited hope as a means to avert school closures. Nevertheless, in some circumstances infill development could possibly be an important factor to consider in the closure decision.

D. Reuse of School Sites

Once a school has been closed a decision is needed regarding the reuse of the property.

The redevelopment of a school property presents several opportunities to a community. Schools may be reused for alternative educational programs such as adult education. Other public uses such as offices or civic departments are a possibility. Schools have been developed in some jurisdictions for senior citizen or handicapped person housing. Some schools have even been converted into shopping malls.

There are also constraints to the redevelopment of school properties. The size and design of the building will affect the use to which the building can be put. Any addition to the existing building or new buildings should be compatible with the existing building. Development must be sensitive to the surrounding land uses and acceptable to the neighbours. The open space surrounding a school is an important community resource. Redevelopment may threaten the community with the loss of some or all of this open space.

In Regina, examples of the reuse of schools include Highland Park school which will probably be developed with infill housing. Pasqua School was converted into a recreation centre and a public health zone office was added to the property. McNiven School was utilized as a day care facility for the University of Regina. Victoria School now serves as an adult education centre.

ECONOMICS

4.0 ECONOMICS

4.1 Regina Housing Construction (1978-1983)

One of the main factors in determining what residential development takes place and where it is developed, is economics.

The following table outlines the numbers of various types of residential units built 1978 - 1984 in Regina.

TABLE I

REGINA HOUSING CONSTRUCTION (1978-1984)

Type of Unit *Percent	1978	1979	1980	1981	1982	1983	1984	Total
Single-Family	1,274	1,100	627	984	640	1,185	745	6,555	58.3%
Semi-Detached	144	16	4	26	6	8	16	210	1.9%
Apartment Building	828	620	239	179	392	185	144	2,587	23.0%
Duplex	0	0	1	0	4	28	24	57	.02%
***Multi-Attached	0	98	12	171	226	506	72	1,085	9.6%
**Condominium	24	140	28	18	210	111	211	742	6.6%
TOTAL:	2,270	1,974	911	1,378	1,478	2,023	1,202	11,236	

* Due to rounding off it does not equal 100.0%

** This refers to condominium ownership of apartments and other multiple unit housing, exclusive of the apartment and multiple unit categories above.

*** This refers to townhouses and fourplexes.

Single-family dwellings were the largest component of the Regina market in each year, ranging between 43.3 and 71.4% of the total permits issued. In three of the six years the respective percentages were 56.1% (1978), 55.7% (1979) and 58.6% (1983). Semi-detached and duplex units were usually a very small proportion of the market. Apartments were a significant component comprising as much as 26.2, 26.5, 31.4 and 36.5% of the market in four of the years studied. Multi-attached units were 15.3% in 1981, 17.6% in 1982 and 25% in 1983. Condominiums were more than 5% of the market in two years and 14.2% of the market in one year.

Any realistic policy designed to encourage infill development will recognize housing preferences as one important consideration.

In Section 3.1 of this report a goal of the existing plan was noted: Fifteen percent of housing unit starts should be in the Inner City. The Inner City is defined as 4th Avenue to College Avenue between Elphinstone Street and Winnipeg Street plus Winnipeg to McDonald Street and Dewdney Avenue to the CNR line. The number of units built in Regina (1978-1984) was 11,236 of which 936 were constructed in the Inner City. This represents 8.3% of housing starts during this period.

Conversions

Another factor in the housing market is the conversion of existing space into residential use. Large scale conversions such as a warehouse into an apartment are virtually unknown in Regina according to the Buildings and Properties Department. The extent of smaller scale conversions (i.e. adding a basement suite, converting a duplex so it has four dwelling units), is not available since building permits are usually not obtained.

One problem with regulating conversions is the definitions contained in the zoning controls text. "Dwelling Units" by definition must contain kitchen, toilet and sleeping facilities. Sharing of any one of these facilities would confuse the count of the number of dwelling units. "Converted dwelling units" are defined to refer only to buildings originally constructed as detached dwellings. Clearly, the definitions should be improved.

4.2 Recent Infill Trends

A closer examination of recent housing activity was necessary to distinguish infill development from peripheral development.

All rapidly developing areas of Regina were excluded from consideration. These were identified as Albert Park Subdivision, Normanview West Addition, and all suburbs outside of the Ring Road.

The following Table 2 expresses infill housing activity as a percentage of total housing activity in Regina between 1978 and 1984.

TABLE 2

*INFILL UNITS BUILT (1978-1984)

**TYPE OF UNIT	TOTAL REGINA UNITS	INFILL UNITS BUILT	INFILL AS % of TOTAL
Single-family units	6,555	617	10.6%
Semi-detached	210	50	23.8%
Apartments	2,587	1,786	69.0%
Multi-attached	1,827	372	20.4%
Duplex	57	6	10.5%

* Regina, excluding Albert Park, Normanview West Addition, and all suburbs outside the Ring Road.

** Table 2, based on monthly reports from the Building Department, does not treat condominiums as a separate category while Table 1 based on annual data, does identify condominiums.

Apartments form the largest single component of infill housing activity, representing 2,587 units. This is 69% of all such units constructed in Regina. Infill construction of multi-attached units resulted in 372 units (20.4% of such units built in Regina). There were 697 single-family units built on an infill basis, although this comprised only 10.6% of single-family units constructed.

Apartment development occurred in 16 subdivisions inside the Ring Road. Multi-attached and semi-detached developments each occurred in 7 subdivisions inside the Ring Road.

4.3 Factors Affecting Recent Construction

The level of housing construction activity depends on several variables including vacancy rates, mortgage interest rates, Government housing policies, supply and demand.

a) Mortgage Interest Rates

Mortgage interest rates have fluctuated dramatically over the study period, reaching unprecedented levels in 1981 and remaining extremely high through much of 1982 (see Figure 1).

Trends in mortgage interest rates from 1978 to 1983 are shown on page 17.

b) Apartment Vacancy Rates

In April and October of each year, Canada Mortgage and Housing Corporation surveys the apartment vacancy rate in Regina for both publically and privately initiated housing projects. CMHC limits their survey to apartments with more than six units.

The following results were obtained for apartments with 6 or more units:

TABLE 3

Regina Apartment Vacancy Rates 1978 - 1985

Apr '78	Oct '78	Apr '79	Oct '79	Apr '80	Oct '80	Apr '81	Oct '81	Apr '82	Oct '82	Apr '83	Oct '83
2.4%	1.9%	3.5%	1.8%	2.0%	0.7%	1.8%	0.5%	0.9%	0.2%	2.5%	1.9%

Apr '84	Oct '84	Apr '85
2.8%	1.6%	3.5%

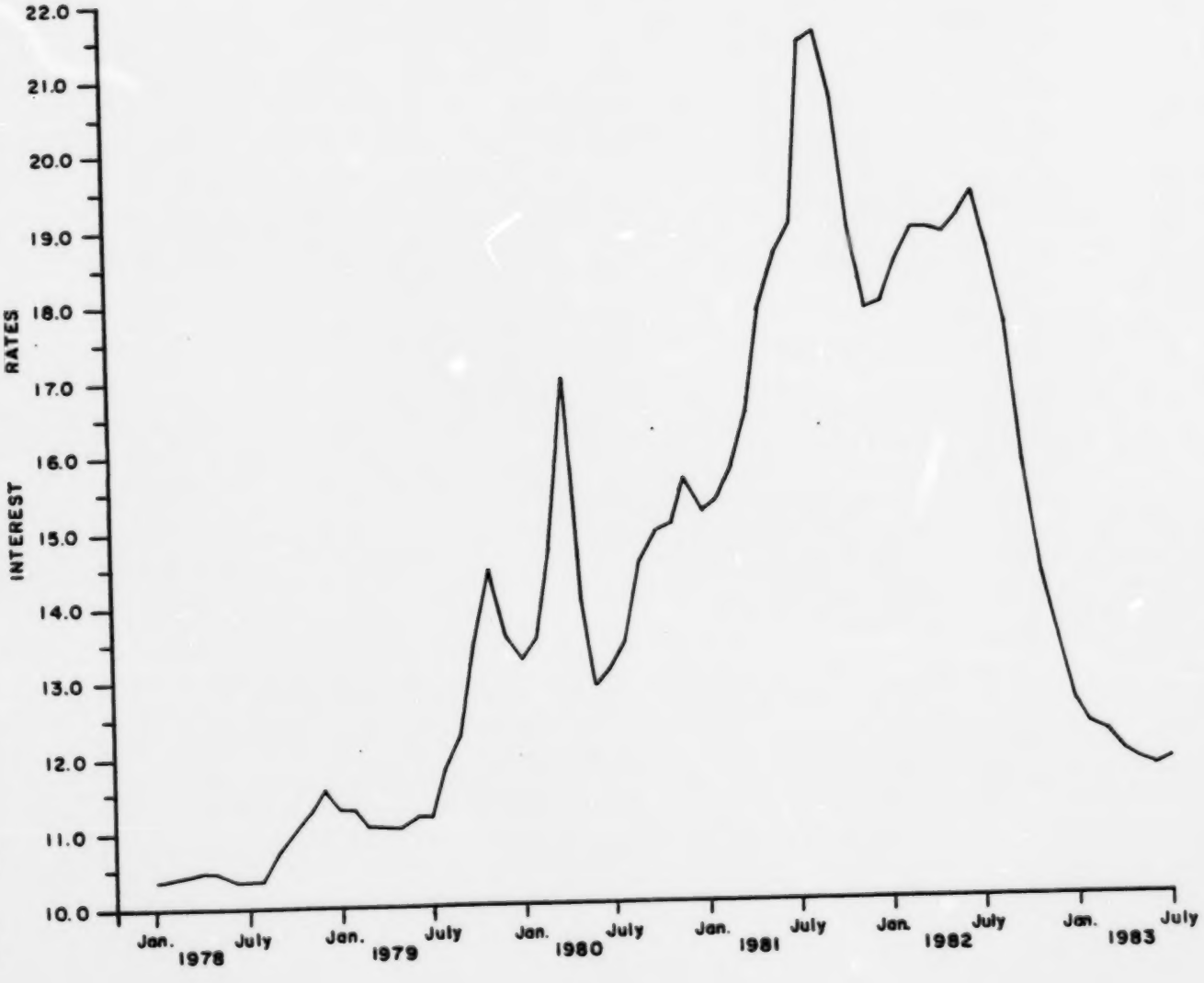
Notably, lower levels of apartment construction were attained in 1980 and 1981 which show up in the low vacancy rates in 1981 and 1982. Also, higher vacancy rates in 1983 may be partially attributable to a resurgence in apartment building in 1982 due to government housing programs discussed below.

There is a shortage of information regarding rental accommodation in buildings smaller than 6 units.

According to Census and Building Department information in March, 1984 there were 63,790 housing units in Regina. The 1981 census indicated that 64.5% of Regina housing is owned by the occupant. This percentage has ranged between 63%-66% over the past twenty years. If 64.5% are owned, 35.5% are rented equalling 22,645 rented units.

FIGURE 1

MORTGAGE INTEREST RATES (1978-1983)



The October, 1983 CMHC vacancy survey indicated that there were 13,190 rental units in buildings of six units or more. Therefore, it is estimated that approximately 9,455 rental units are in buildings of less than six units.

Assessment Department information is that there are an estimated 3,558 semi-detached, 790 duplex, 312 fourplex and 31 threeplex or fiveplex units in Regina. This is a total of 4,691 residential units in buildings of less than six units.

Many of these 4,691 will be in the rental market. If all the units were rental this would leave a minimum of (9,455 - 4,691) 4,764 rental units located in the estimated 43,000 single-family dwellings in Regina. Many of these units are "illegal" basement suites.

No accurate statistics exist on the number of basement suites or other rental units in smaller buildings. Nevertheless, it is possible to estimate the number of units involved and to conclude that they form a significant portion of the housing market.

c) Government Housing Programs

Housing programs are used by senior levels of government to accomplish both social and economic objectives. The social objectives are concerned with providing decent, affordable housing to disadvantaged groups in society such as senior citizens or low income families. The economic objectives are concerned with providing a stimulus to the economy especially during periods of depressed activity. Incentives for housing construction are, therefore, favorite fiscal tools of government.

The two main categories of housing programs are market programs and social housing programs. Market programs are designed to encourage housing construction by the private sector. Social housing is constructed under the auspices of the Federal and Provincial Governments specifically for disadvantaged citizens.

BRIEF SUMMARY OF RECENT HOUSING PROGRAMS

Program	In Effect	Features
Multiple Unit Residential Building (MURB)	Nov. 1974-Dec. 1982	5% depreciation allowance
Canada Rental Supply Program (CRSP)	Apr. 1982-Dec. 1982	Interest free loans.
Assisted Rental Program (ARP)	1975 and 1976	Deferred repayment of subsidy.
Assisted Home Ownership Program	1974 - Dec. 31, 1978	Targeted at first time home buyers. A mortgage payment reduction tool providing a decreasing monthly subsidy over five years.
Registered Home Ownership Savings Plan (RHOSP)	Until March, 1985	Top up in 1 year tax deductible savings up to the $10,000 limit.
Rent Review	Ongoing	Now controls rent increases of all apartments built before 1980.
Mortgage Interest Reduction Plan (M.I.R.P.)	1982 - 1988	13 1/4% interest rate ceiling on the first $50,000 of mortgage. This Provincial program applies to both new and existing homes.
Provincial Build a Home Program	Dec. 1/82-Sept. 30/83	Provincial Grants of $3,000 available for construction of new homes. Regina residents received 1,191 grants.
Canadian Home Ownership	June/82-Dec. 31/83	Federal Grants of $3,000 for construction of new homes.

Social Housing

Program	In Effect	Features
Sec. 40 National Housing Act	Ongoing 1950's to present	-CMHC/SHC determine housing needs/priorities - below market rents
Sec. 56(1) N.H.A. Non-profit societies	1962 - 1979	-Initiation of non-profit societies -20% Provincial start up grant -8% depreciation -low end market rents
Sec. 56(1) N.H.A. Non-profit societies	1979 to present	- respond to non-profit societies - mortgage funds at 2% (limited/at discretion of Province) - low end market rents

The Market Housing Program with the greatest impact was the Multiple Unit Residential Building (MURB) Program discontinued in December of 1982. This program provided income tax writeoffs of 5% of the capital cost of the building. It was replaced by a system of interest free loans for part of the construction costs. The replacement program, Canada Rental Supply Plan (CRSP), was less effective in encouraging construction.

The Social Housing Program with the greatest impact is the ongoing program of Section 40 National Housing Act projects which are designed to meet housing needs identified by the Provincial Government. These projects are tendered by Saskatchewan Housing Corporation.

4.4 Market Versus Assembly Costs

An important distinction must be drawn between "market" land values and "assembly" costs. Where land assembly is required involving properties with improvements (i.e. buildings), costs may be up to four times that of "market value" for land alone. This is the case since improved properties have value even if in a deteriorated condition. Also, demolition and site preparation costs become a factor. Land assemblies are more common in built-up areas of the City since new areas of the City often have unimproved sites available.

4.5 Housing Industry Views

The Housing and Urban Development Association of Canada (Regina)[1] presented the following picture of the infill development scene in Regina.

a) Additional Costs with Infill Development

1) Time cost - Developing a residential project in an established neighbourhood takes a considerably longer period of time than in a peripheral location:

i) Land Assembly - a site in a peripheral location has usually been subdivided for the intended purpose. An infill site often must be consolidated from smaller parcels involving higher costs and lengthy negotiations.

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1 Now the Regina Home Builders Association.

ii) Political Process - established neighbourhoods often have more active community groups whose lobbying is intense. While an identical project may be a discretionary use in both suburban and Inner City locations, in practice, decisions regarding the Inner City location take longer. Other procedures, i.e. rezonings, or street closures (6 weeks), necessary to provide access for construction equipment, are not usually required in a suburban location.

The time costs mean additional staff time and financing costs are associated with the infill development.

2) Servicing Cost- Development of infill properties often requires the developer to pay for replacing worn out City services, i.e. sewer/water.

3) Parking Cost- Parking requirements vary by the tvpe of building constructed. The cost of providing parking is greater in the Inner City for surface parking. It is also more likely that a parking structure is necessary which rapidly escalates the cost per stall. Relaxing of parking requirements has been recognized by the Planning Department with regard to the Downtown.

b) Rental Housing Market

The construction of multiple unit residential projects is determined by the economic and political environment including such factors as: vacancy rates, rent controls, Multiple Unit Residential Building (MURB) Programs, other housing subsidy programs, supply and demand.

The prospects for rental multiple housing is poor with the exception of publically subsidized social housing.

c) Small Lot Detached Dwellings (on 25-33 foot lot frontages)

HUDAC noted the following factors affecting single-family infill.

Infill development on smaller lots has been affected by the building code and zoning requirements related to side yard requirements. Specifically, houses on 25 foot lots in the Inner City are required to provide a minimum single side yard of 1.5 feet and a minimum total side yard of 4.0 feet.

The National Building Code prohibits windows facing any side yard less than 4 feet. It also requires fire retardent materials for the exposed surface (i.e. side wall). This provision began to be enforced in Regina with the passage of Building Bylaw 7000 on August 13, 1981.

The impact of these regulations is felt on the floor plans and hence the marketability of houses that are built on smaller lots, with no windows in some rooms. While it is possible to design around this problem, solutions such as skylights are prohibitively expensive to be feasible in a moderately priced home. These policies caused one Regina builder who used to build 40 infill units in a year on smaller lots, to leave the field.

d) Detached Dwellings - Fifty Foot Lots

The housing industry is unlikely to develop detached dwellings on fifty foot frontages in older neighbourhoods due to the economics involved. For example, it was estimated that two vacant 25 foot lots would cost $15-17 thousand each. A 50 to 60 thousand dollar home on these lots would raise the investment to eighty thousand dollars or more at a time when the neighbouring properties may be selling for twenty-five to thirty-five thousand dollars.

e) Marketing

Several marketing considerations apply to infill housing. Builders report that the quality of the existing surrounding housing stock and the neighbourhood's reputation would affect the marketability of new infill housing.

Larger builders prefer tract housing which enables them to develop a suburban sales office in a new subdivision, thereby saving on selling costs.

Builder awareness of the existence of vacant infill lots is not a problem in their view.

4.6 Saskatchewan Housing Corporation

a) Recent Activity

Saskatchewan Housing Corporation (SHC) has been an important player in the infill development scene in Regina.

Saskatchewan Housing Corporation is the lead partner in infill partnership projects. C.M.H.C. is involved in financing of the projects in partnership with the Corporation.

Since 1980, SHC purchased 8,020 front feet of property. This property is distributed as follows:

	Frontage
Albert-Scott	2,950 front feet
Cathedral	2,700 front feet
Trianon Site	300 front feet
1800 Block Albert/Angus	825 front feet

At this point only the Trianon site plus 350 feet on 1800 Block Angus Street have not been developed or sold.

Most of the properties purchased had structures on them. Only 35 of the 245 purchases were vacant lots. Therefore, it was necessary to demolish 186 residential units to obtain developable sites. In addition, 17 units were rehabilitated by SHC. Inner City locations are preferred due to proximity to required services and the objective of revitalizing inner city areas.

Construction activity by Saskatchewan Housing Corporation was extensive between 1980 and 1983. A total of 769 new residential units (including 154 unit Cornwall Centre apartments) and 17 rehabilitated units were constructed.

Saskatchewan Housing Corporation has a definite preference for lower density developments. The following breakdown of unit types is worth examining.

Townhouse	108 units
Apartment	502 units
Fourplex	28 units
Single-family	56 units
Semi Detached	92 units
	786 units

The large number of apartment units is a reflection of only five projects. Three of these projects were for 128,154, and 144 residential units respectively. Hence, most of SHC's projects are of a lower scale of development.

b) Obstacles to Redevelopment and Infill

Obstacles identified by SHC include changes in interest rates and community resistance. However, they indicated two factors that are of particular importance:

"1. The higher cost of Inner City land,

2. The length of time it takes to get a project through the approval process. This increases holding costs and ultimately project costs".

Further discussion of land costs is contained in Section 4.0, Economics.

Zoning regulations for planned groups of dwellings in the Inner City have been relaxed as a result of meetings between Saskatchewan Housing Corporation and the City of Regina.

Case Studies Supplied by SHC

	Privately Initiated Projects "A"	"B"	"C"
Number of units	24	124	4
1 Bedroom - Rent/Month	12 - $410	48 - $480	-
2 Bedroom - Rent/Month	12 - $435	76 - $610	2 - $455
Vacancy Rate	3.5%	3.5%	3%
Gross Annual Revenue	$ 121, 680	$ 832,800	$ 21,840
Net Revenue (- vacancies)	$ 117,420	$ 803,650	$ 21,180
Operating Expenses (incl. taxes)	$ 37,600	$ 253,150	$ 6,360
Net operating income	$ 79,820	$ 550,500	$ 14,820
Total Project Cost	$1,152,000	$6,448,000	$200,000
Equity	$ 550,000	$2,110,000	$ 74,000
Mortgage Amount	$ 602,000	$4,338,000	$126,000
Mortgage Rate	$ 12.75%	12.25%	12.75%
Annual Mortgage Payments	$ 78,300	$ 526,600	$ 16,400
Cash Flow	$ 1,520	$ 23,900	$ 1,580
Return on Equity (first year)	0.3%	1.1%	negative

The above are three privately initiated projects on the verge of startup. It illustrates the view that projects are generally not viable without subsidies, syndication or other special circumstances.

c) Future SHC Infill

Saskatchewan Housing Corporation is presently reviewing their policy with respect to infill development. Changes may be forthcoming, dependent in part on the outcome of their budgeting process.

Discussions with SHC have led to the conclusion that infill will continue but on a less extensive basis than before. One reason for this change is that Regina was the initial target city for infill by SHC and the Corporation has now begun to undertake similar development in other cities. Nevertheless, their social housing mandate will likely continue and much of this housing will locate in the Inner City near services required by the clients.

4.7 CONCLUSIONS AND SHORT TERM FORECAST

Infill housing activity was markedly reduced in the 1981-1983 period which coincided with rapidly rising mortgage interest rates despite the fact that SHC was actively building during this period. In January, 1981 rates were 15.17% rising to 21.46 % by September of that year, an increase of 6.29% in eight months! Mortgage rates persisted above the 15% level until November of 1982 and declined thereafter. Overall levels of construction in Regina rebounded somewhat in 1983 to 2023 units from 1478 units in 1982.

TABLE 4

LEVELS OF CONSTRUCTION OF THE MOST IMPORTANT INFILL HOUSING UNIT TYPES

	1978 - 1980	1981-1983	% Decline	Total
Multi-attached	192 units	174 units	-9.4%	366
Single-family	408 units	212 units	-48.1%	620
Apartments	959 units	681 units	-29.0%	1,640

I. Conclusions

1. Apartments, single-family dwellings, and multi-attached dwellings have been the most common types of infill housing construction.

2. Housing construction activity was seriously curbed by high mortgage financing costs.

3. Infill single-family dwelling construction experienced a particularly large decline in the early years of this decade.

II. Short Term Forecast

The amount of infill housing construction will continue to be affected by mortgage interest rates, Government incentive programs, and vacancy rates which determine the general health of the industry.

Apartments, single-family dwellings, and multi-attached buildings will be the most common forms of infill building, since historically, demands for those types of units have dominated the market. Semi-detached and duplex housing will be few in number. The number of condominium units created will vary according to the size of the projects.

Single-family dwelling construction will recover from the low rates of activity in the early years of this decade. However, building bylaw restrictions affecting smaller lots will limit the number of infill single-family dwelling starts.

The following two economic scenarios are possible. Scenario One is given a higher probability than Scenario Two.

Scenario One

Scenario One presupposes a marked deterioration in the economy to a recession featuring rising interest rates. It is expected, however, that interest rates would not reach their former high levels near 22% since many borrowers and lenders appear to have more prudent attitudes towards credit.

The impact of a recession would be to decrease private funds in housing. Traditionally, government intervenes to spend money in the housing sector once vacancy rates and construction unemployment reach a crisis level. However, given the objective of reducing government deficits, public sector spending for housing may also be constrained.

According to this scenario, the outlook for infill housing construction would be particularly bleak since multiple units form a greater percentage of infill development, and government incentives would not replace private funds to a significant degree.

Scenario Two

Scenario Two assumes a continuing economic recovery. The recovery would mean economic growth and reasonably stable interest rates at a level moderately higher than present rates.

The level of infill construction would depend on economic and demographic factors affecting the demand for multiple housing units. Economic variables include the local rate of economic growth and the incomes of renters. Demographic variables include the rate of in-migration, age composition of the population, and household formations.

The net result of these factors would be a somewhat decreased demand for additional market multiple unit housing. This would be offset by a relatively strong social housing picture. An aging population is one contributing factor to demand for social housing. Most social housing is built in the inner city close to needed services such as transit and shopping and where lower income people traditionally live.

POSSIBLE TECHNIQUES TO ENCOURAGE REDEVELOPMENT AND INFILL

5.0 POSSIBLE TECHNIQUES TO ENCOURAGE REDEVELOPMENT AND INFILL

Several obstacles exist to the construction of infill housing on vacant properties.

The costs of developing housing on infill sites is greater than that for developing housing on the periphery. Higher infill costs are comprised of land cost, time cost, servicing cost, parking cost, and sales cost.

Other factors which affect the development potential of an infill site are:

- Awareness of property availability
- Market demand - growth, neighbourhood reputation, etc.
- Building and zoning regulations
- Level of services/amenities provided
- Site constraints i.e. grade, NEF contours, etc.
- Community attitudes towards development
- Assessment policies

The following techniques may be pursued to encourage redevelopment and infill:

5.1 Marketing

a) Advertise available parcels suitable for residential infill

b) Promote the development potential of parcels with direct contact of developers.

c) Provide designs for small houses suitable for small lots to developers.

5.2 Neighbourhood Support

a) Zone the infill property to encourage compatible development (not necessarily identical in form or density to existing). Guidelines may be required to define "compatible".

b) Encourage public meetings between residents and developers.

c) Neighbourhood plans and development proposals should be consistent.

d) Prepare development plans for infill areas.

e) Attempt the replotting of legal boundaries of infill lands. Replotting frequently allows for more comprehensive planning.

5.3 Market Demand

a) Demonstration projects of both social housing and market housing to demonstrate marketability of units.

b) Continue neighbourhood improvement and residential rehabilitation programs.

c) Identify obstacles to infill, i.e. absence of needed services and endeavor to see that these services are provided. For example, availability of parks is important to family oriented infill. Likewise, support services of various types are required by clients of social housing.

d) Obtain capital grants for public services from senior levels of government, if possible.

5.4 Economics

a) Purchase a select number of infill lands which are suitable for residential development. These purchases could be self financing, that is, the funds would be obtained from selling surplus city properties which are not suitable for residential development.

b) Recognize and try to offset higher costs of infill development by selling City owned land at rates competitive with, or possibly below, suburban rates.

c) Ensure that financial incentives to build infill are not offset by higher assessments on infill development than on peripheral development.

d) Leasing of City owned land to developers in public, private or voluntary sectors.

e) Shift the base of taxation from improvements to land, which increases the cost of holding land.

f) Decrease tax on improvements and increase charges to developers of unserviced land.

g) Impose a tax on vacant residential land, making it less profitable to hold and speculate on land.

h) Establish a development corporation which would receive an increasing proportion of taxes from properties in a defined district as property taxes in general, rise over time. This is a technique utilized in San Diego, California. The legal authority to utilize such a technique in Saskatchewan would have to be investigated.

CONCLUDING OBSERVATIONS

6.0 CONCLUDING OBSERVATIONS

The following observations are intended to provoke discussion only. They are not to be considered City policy.

1. Infill development creates the possibility of considerable economic benefit to the City of Regina. This economic benefit would derive if growth takes place where services (roads, parks, sewers, schools, etc.) are already provided for, thereby reducing demand for new capital investments.

2. Conversions of non-residential buildings to residential use is not a factor in the Regina market.

3. There are 33,467 front feet of vacant residentially zoned infill property in the City of Regina. It is true that many of these properties are not developable for residential purposes due to both physical and regulatory constraints. However, many non-residentially zoned properties, both vacant and occupied, may also be suitable for residential development. These include pockets of commercial or industrial property sometimes found adjacent to residential communities. Therefore, it is concluded that there is significant potential for redevelopment and infill development in Regina.

4. The potential of using infill development as a means to prevent school closures is low due to several practical difficulties. However, the potential benefit justifies further pursuit of this issue.

5. Rail relocation affords a major opportunity for infill development with the CNR marshalling yards the most significant project in the medium term. By the year 2000 the CPR Yards may become an opportunity.

6. The most important element in the Regina housing market is single-family dwellings. Other major elements are apartments and multi-attached units. Most multiple units are rental although there is some condominium ownership. In general terms, the factors affecting the rental market including financing and other costs as well as rent control, can push the economic cost of a project above the market returns. Government housing incentives, often with unrelated employment objectives, come and go to complicate the picture.

7. The costs associated with land assembly are an important element of the cost of infill development.

8. The value of surrounding properties places a limit on the amount of investment a person would put into an infill development.

9. Neighbourhood improvement programs, housing rehabilitation programs and the provision of services are important complementary programs to infill development.

10. The single most effective technique to encourage infill would be an amendment to Building Bylaw 7000 to permit windows or sideyards of less than 4 feet although the feasibility of this change may require further investigation due to fire safety considerates.

RECOMMENDATIONS

7.0 RECOMMENDATIONS

The following observations are intended to provoke discussion only. They are not to be considered City policy.

1. The City should immediately review all of its policies to remove zoning obstacles, reduce hectarage assessment and taxes, for infill.

2. The City should lobby senior levels of government to increase housing incentives and reinstitute programs such as the Multiple Unit Residential Building (MURBS) program.

3. The City should investigate the impact of Rent Review on the level of apartment construction. If Rent Review is found to be a disincentive to such construction, the City should consider lobbying the Province for the program's removal.

4. The City should maintain the Neighbourhood Improvement Area Program. In the light of cutbacks in the Residential Rehabilitation Assistance Program the City should supplement funding for this type of work.

5. The City should ask to be consulted by the school boards well in advance of a school closure so that infill housing potential can be assessed in the vicinity of the school.

6. The City should establish a Development Corporation to undertake the role of a catalyst in the housing market. Some of the actions it could undertake include: staging a design competition for housing suitable for small lots, building demonstration projects (i.e. special needs housing, conversions of non-residential buildings to residential, ordinary infill), land banking, and land swaps.

APPENDIX

INFILL VACANT PROPERTIES

From May 22, 1985
Assessors Data

Subdivision	Residentially-zoned	Other-zoned	Front feet R-zoned
Regina Subdivision	177	371	6,657
Arcola Subdivision	14	3	434
Arnheim Place	0	2	0
Assiniboia East	0	6	0
Assiniboia Place	2	0	35
Balboa Park	0	3	0
Belvedere	13	14	1,081
Broders Annex	16	20	562
Churchill Downs	6	0	247
Churchill Place	12	0	401
City View	1	8	75
Coventry Place	11	2	81
Coronation Park	6	4	568
Coronation Park North	2	26	135
CPR Annex	53	32	4,266
Crescents	1	0	50
Dewdney Place	0	17	0
Dieppe Place	9	4	495
Dominion Heights	5	3	188
Douglas Place	5	6	83
Douglas Park	0	19	0
Eastview	15	22	1,188
East Annex	14	27	495
Glenelm Park	17	34	1,219
Glenelm Park South	12	3	656
Hillsdale	10	20	181
Highland Park	10	11	385
Industrial Centre	8	4	369
Industrial Park	0	16	0
Innismore	45	13	1,640
Lakeview	1	0	50
Lakeview A	1	4	0
Lakeview Centre	1	1	0
Lakeview South	3	22	280
Lewvan Park	0	22	0
Mirror	1	17	236
Mount Pleasant	2	8	80
Mount Royal	33	14	820
Normandy Heights	1	1	51
Normanview West	9	7	700
Normanview	6	29	343
North Annex	37	25	2,030
Parkdale	19	0	673